

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
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SENT VIA ELECTRONIC MAIL

March 21, 2017

Honorable Jenniffer González-Colón
Member of Congress
1529 Longworth House Office Building
Washington, D.C. 20515-5400

Dear Resident Commissioner González-Colón:

Thank you very much for your very thoughtful letter of March 13, 2017, in which you request that the Oversight Board advise the Congress and the President of the need to replace Federal funding for healthcare for low-income individuals that Puerto Rico will have used up by the end of calendar year 2017.

As you know, the Oversight Board is acutely aware of the challenges the Government of Puerto Rico faces in providing adequate healthcare to those on the Island who cannot afford it and the extent to which this critical governmental function is threatened by the government's challenging fiscal situation.

As you correctly point out, the imminent healthcare fiscal cliff Puerto Rico faces due to the early depletion of the funds allocated to the Island under the Affordable Care Act is a matter of serious concern.

The Board is aware that because of its status as a territory within the broader United States, Puerto Rico is sometimes treated differently than the 50 states. But when it comes to healthcare, we hope the federal government will bear in mind Puerto Rico's special needs as it sets policy for Medicaid, Medicare and private health insurance. The Governor's fiscal plan, certified by the Oversight Board last week, will enact major cost reductions to the miSALUD program, which provides Medicare health benefits to lower-income residents of Puerto Rico. But still, the upcoming expiration of ACA funding will make funding health care on the Island very difficult.

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The Board hopes that the federal government bears in mind the efforts Puerto Rico has already made in reducing health costs as it considers the formula by which to fund Medicaid benefits in the future. Likewise, we hope that in setting Medicare's compensation rates to providers on the island, the federal government bears in mind our need to be able to retain doctors and nurses, who are free to move to the 50 states where pay is often far better.

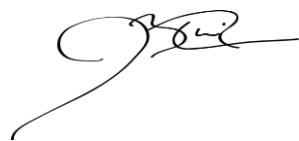
Finally, we hope that in making determinations regarding the level of federal funding for healthcare in Puerto Rico, the federal government would take into consideration the recommendations contained in the report of the Congressional Task Force on Economic Growth issued last December under section 409 (g) of the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA").

Specifically, the Task Force agreed that "the future financing of the Medicaid program in Puerto Rico is a serious and urgent issue facing federal policymakers attempting to address the territory's economic and social challenges" and, further, agreed that "an equitable and sustainable legislative solution to the financing of Puerto Rico's Medicaid program should be enacted early in 2017."

We value and appreciate your leadership in tackling these difficult issues in Congress and would be glad to participate in conversations where the future of federal healthcare funding for Puerto Rico would be discussed.

We look forward to collaborating with you as we forge ahead with the tasks we have been assigned under PROMESA of restoring Puerto Rico's fiscal health and economic opportunity for the People of Puerto Rico.

With best regards,

A handwritten signature in black ink, appearing to read "José B. Carrión", with a stylized flourish extending from the bottom left.

José B. Carrión, Chair

C: FOMB Members